



IOWA AGRICULTURAL
DEVELOPMENT DIVISION

IADD BOARD MEETING MINUTES

**Iowa Finance Authority
2015 Grand Avenue, Des Moines, Iowa
March 23, 2016**

Board Members Present

Mark Leonard, Chair	John Fredrickson
Lyle Borg, Vice Chair	Annette Townsley
Stacie Euken	

Board Members Absent

None

Staff Members Present

Steve Ferguson, IADD Program Specialist	Tammy Nebola, IADD Program Specialist
Dave Jamison, IFA Executive Director	Debra VanRheenen, Accounting Manager

Others Present

Dave Claypool, Dorsey & Whitney
Jeff Weld, Executive Director of Governor's STEM Advisory Council

CALL TO ORDER

The meeting of the Iowa Agricultural Development Division (IADD) Board of Directors was called to order by Chair Leonard on March 23, 2016 at 9:30 am. A quorum was established with the following Board Members present: Leonard, Borg, Euken, Fredrickson and Townsley.

REVIEW OF MINUTES OF FEBRUARY 24, 2016 BOARD MEETING

Mr. Leonard presented the minutes of the February 24, 2016 IADD Board Meeting. Mr. Leonard asked if there were any additions or corrections to the minutes.

MOTION

On a motion by Mr. Fredrickson and a second by Mr. Borg, the Board unanimously approved the minutes of the February 24, 2016 IADD Board meeting.

REVIEW OF FEBRUARY 2016 FINANCIAL STATEMENT

Debra VanRheenen presented the February 2016 financials. She stated that for FY16 year-to-date, IADD had operating income of \$461,306 operating expense of \$333,557 and net operating income of \$127,749. She pointed out that the Summary Financial Information Sheet has been

enhanced to break out the balance sheet showing all the funds in the Rural Rehabilitation Trust Fund.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. Euken, the Board unanimously approved the February 2016 financial statement as presented.

OTHER BUSINESS

STEM ADVISORY COUNCIL PRESENTATION

Jeffrey Weld presented statistics and information on STEM programs. Majority of funds are going directly to Learners and Educators. Funding comes from federal grants and modest investments from the Private sector which are typically targeted to specific programs that the contributor chooses. John Deere specified they wanted their contributions to go to the Teacher Externships. Every year STEM funding falls short of demand. CASE will over apply this year and they will fail to meet the demand. Mr. Borg thanked Mr. Weld for the presentation and his time. Mr. Leonard asked if we allocated funds for STEM how much would that increase the agriculture focus of STEM. Mr. Weld pointed out that IADD can choose which programs they want to allocate the funds to. The Rural Rehabilitation Trust Fund is to serve rural communities and populations so it would need to be targeted to those areas. There was an in depth discussion by the Board on the possible restrictions of the Use Agreement and how the Rural Rehabilitation Trust Funds can be used. The Board discussed the possible funding of the Teacher Externships and the CASE (Curriculum in Agricultural Science Education) programs. Mr. Weld assured the Board that any programs supported could be targeted to Ag programs in rural settings, with any stipulations they see fit. Mr. Borg thanked Mr. Weld again for the clarifications and the assurances of being able to target the funds.

LOAN PARTICIPATION PROGRAM

Tammy Nebola presented information on the following loan participation applications.

P0213 - Travis J. Greiner. The LPP application is for \$150,000. The borrower will construct a 2,499 Hd Hog Finishing Building. Total project cost is \$650,000. The borrower has also applied for a Beginning Farmer Loan AG 16-017. The bank is Libertyville Savings Bank in Keota.

MOTION

On a motion by Ms. Townsley and a second by Mr. Borg, the Board unanimously approved the loan participation for Travis J. Greiner subject to obtaining a Personal Guaranty from his parents, Marvin and Deborah Greiner and an Assignment of Feeding Contract.

P0214 - Cody J. Sobaski. The LPP application is for \$150,000. The borrower will construct (2) 1,200 Hd Hog Finishing Buildings. Total project cost is \$600,000. The bank is Libertyville Savings Bank in Keota.

MOTION

On a motion by Mr. Borg and a second by Ms. Euken, the Board unanimously approved the loan participation for Cody J. Sobaski subject to obtaining a limited Personal Guaranty from his father (\$225,000 if guaranty is on entire project or \$150,000 if guaranty is on LPP only), and an Assignment of Feeding Contract.

P0215 - David and Darci Palsma. The LPP application is for \$150,000. The borrower will construct a 2,400 Hd Hog Finisher Building. Total project cost is \$650,000. The bank is American State Bank in Sioux Center.

MOTION

On a motion by Mr. Borg and a second by Ms. Euken, the Board unanimously approved the loan participation for David and Darci Palsma subject to obtaining a Personal Guaranty from his mother and an Assignment of Feeding Contract.

BEGINNING FARMER LOAN AMENDING RESOLUTIONS

Tammy Nebola presented the following resolution to adjust the terms and conditions on closed BFLP projects:

Resolution 04239M – Nicholas J. Hoversten – Green Belt Bank & Trust in Iowa Falls is the lender. The amendment will Lower the interest rate from 4.50% to 3.75% until September 28, 2021 at which time the rate will adjust to the original index of 2.75% over the 12 Month Treasury Bill Index and be adjustable every annually thereafter. Decrease the rate floor from 4.50% to 3.75%. All other loan terms will remain the same. Eff. 04/01/2016

MOTION

On a motion by Mr. Fredrickson and a second by Ms. Townsley, the Board unanimously approved the Beginning Farmer Loan Program Amending Resolution.

BEGINNING FARMER LOAN APPLICATIONS

Tammy Nebola introduced the following applications for Beginning Farmer loans:

AG 16-013 – Wesley J. and Jackie L. Hageman – Beginning farmer loan of \$237,452 to purchase approximately 81.88 acres of agricultural land and out-buildings in Winneshiek County. The loan will have a 3.825% variable interest rate and a loan length of 30 years. The index will be 85% of State Bank's 5/5 ARM farm mortgage rate. The lender is State Bank in Calmar, Iowa.

AG 16-014 – Ethan L. and Kristyn L. Nielsen – Beginning farmer loan of \$175,000 to construct an undivided 1/2 interest in a 1,200 Hd Hog Finishing Building in Shelby County. The loan will have a 3.10% variable interest rate and a loan length of 10 years. The index will be equal to the highest New York Prime Rate as published in the Wall Street Journal. The lender is Shelby County State Bank in Harlan, Iowa.

AG 16-015 – Ben Hayes – Beginning farmer loan of \$73,750 to purchase an undivided 1/2 interest in approximately 75 acres of agricultural land in Guthrie County. The loan will have a

3.75% variable interest rate and a loan length of 30 years. The index will be 2.50% above the FHLB of Des Moines 3 year fixed rate, rounded to the nearest 0.125%; fixed for first seven years with a maximum 6.00% change lifetime cap = 9.75% ceiling. The lender is Lincoln Savings Bank in Adel, Iowa.

AG 16-016 – Brad Hayes – Beginning farmer loan of \$73,750 to purchase an undivided 1/2 interest in approximately 75 acres of agricultural land in Guthrie County. The loan will have a 3.75% variable interest rate and a loan length of 30 years. The index will be 2.50% above the FHLB of Des Moines 3 year fixed rate, rounded to the nearest 0.125%; fixed for first seven years with a maximum 6.00% change lifetime cap = 9.75% ceiling. The lender is Lincoln Savings Bank in Adel, Iowa.

AG 16-017 – Travis J. Greiner – Beginning farmer loan of \$250,000 to construct a 2,499 Hd Hog Finishing Building in Keokuk County. The loan will have a 3.75% fixed interest rate and a loan length of 12 years. The lender is Libertyville Savings Bank in Keota, Iowa.

AG 16-018 – Daren P. Winkowitsch – Beginning farmer loan of \$253,000 to purchase approximately 67.61 acres of agricultural land in Lyon County. The loan will have a 4.00% variable interest rate and a loan length of 30 years. The index will be 75% of the weekly average yield on U.S. Treasury Securities adjusted to a 5 year constant maturity plus a margin of 2.75%; fixed for 20 years. The lender is Ashton State Bank in Ashton, Iowa.

MOTION

On a motion by Ms. Townsley and a second by Mr. Borg, the Board recommended approval of the BFLP applications.

PUBLIC HEARING ON BEGINNING FARMER LOANS

A public hearing was held by the IADD Board at the Iowa Finance Authority office on March 23, 2016 at 11:25 am. There were no comments received regarding the Beginning Farmer Loan applications. The public hearing was closed at 11:26 am.

MOTION

On a motion by Ms. Euken and a second by Mr. Borg, the Board unanimously recommended approval of the BFLP Bond documents.

BEGINNING FARMER TAX CREDIT APPLICATIONS

Steve Ferguson presented a summary of the Beginning Farmer Tax Credit applications. There were 36 new BFTC applications for an estimated tax credit amount of \$258,269.15. He noted that of those, 19 are cash rent and 17 are crop share. Mr. Borg asked if the Beginning Farmer needed to certify annually that the lease agreement is still in place. It was clarified that a letter is included with the annual Certificate that states if any changes are made they need to inform the IADD office of that change before it is made

MOTION

On a motion by Mr. Fredrickson and a second by Ms. Euken, the Board unanimously recommended approval of the Beginning Farmer Tax Credit applications as presented.

BEGINNING FARMER TAX CREDIT CHANGES

Steve Ferguson presented a summary of the Beginning Farmer Tax Credit requested changes. There were 14 change requests. Most were to reduce the rent, some were to decrease the number of acres on the lease and some changes due to death and divorce.

MOTION

On a motion by Mr. Borg and a second by Ms. Townsley, the Board unanimously recommended approval of the Beginning Farmer Tax Credit change requests.

MARKETING UPDATE

Included in the Board packet is the IADD marketing calendar. Mr. Ferguson reviewed some of the recent events he's attended. The IBA Ag Bankers conference was last week in Ames, with a record attendance this year. We will be doing some webinars on June 16th and July 28th and the Regional Meeting on June 22nd. He stated that the Workshops in conjunction with VIA have been going well and the banker panels have been a nice addition to the agenda.

COW-CALF TAX CREDIT CALCULATION DISCUSSION

Steve Ferguson presented a proposed summary of guidelines for calculating cow-calf share lease applications. 5% death rate will be assumed, all calves will be considered at 550 lbs. at the annual FSA planning price of \$2.10 for 2016. The standard calculation for cow-calf operations will be (# of cows x .95) x (550 lbs. x \$2.10) x (66% if Asset owner provides feed or 33% of Beginning farmer provides feed) x 17%.

Example:

$$100 \text{ cows} \times 95\% = 95 \times \$1,155 = \$109,725 \times 66\% = \$72,418.50 \times 17\% = \$12,311.15$$

MOTION

On a motion by Mr. Fredrickson and a second by Mr. Borg, the Board unanimously recommended approval of the proposed guidelines for calculating cow-calf share leases.

OTHER BUSINESS

STEM ADVISORY COUNCIL FUNDING REQUEST

The Board discussed the desired conditions they would like to attach to the STEM funding. It is important that they are targeting rural communities so after discussion it was decided that they would target schools with a graduating class of less than 200 students. The Board discussed the funding level they were comfortable with and the types of programs they would like to fund. There was some discussion on whether the Externship program fits into the Rural Rehabilitation Trust Fund use agreement.

MOTION

On a motion by Mr. Fredrickson and a second by Mr. Borg, the Board unanimously recommended approval of the Rural Rehabilitation Trust Fund (RRTF) use in support of STEM as follows:

Five (5) CASE awards at estimated \$15,000 each totaling \$75,000.

Subject to the following conditions:

1. RRTF monies are targeted specifically to the above uses.
2. RRTF monies are targeted to school districts with a most recent Senior Graduating class of no more than 200 students.
3. STEM Executive Director provides periodic updates with an annual report to the IADD Board demonstrating RRTF monies used in compliance with this motion.

Mr. Weld wanted to clarify the Board's desired reporting frequency. Mr. Leonard suggested the possibility of having Mr. Weld to the IADD Regional Board Meeting in June with some updates on where the funds were awarded and the impact. Ms. Euken asked for some reporting on the Externships so they would have some additional information for potential funding in future years.

NEXT IADD BOARD MEETING

The April IADD Board meeting will be Wednesday, April 27, 2016 at 8:30 am, via conference call.

ADJOURNMENT

On a motion by Mr. Fredrickson and a second by Ms. Townsley, the March 23, 2016 meeting of the IADD Board of Directors adjourned at 12:23 pm.


Dated this 27th day of April, 2016.

Respectfully submitted:



Lori K. Beary
Director's Designee/Board Secretary

Approved as to form:



Mark W. Leonard, Chair
IADD Board